

BJÖRN WAHLSTRÖM &  
STEFAN HOLMQVIST

# COVID-19 AND THE EFFECTS TO SUPPLY CHAIN RISKS AND LOGISTICS TO AND FROM CHINA





OUR CONSULTANTS

# BJÖRN WAHLSTRÖM

Managing Director

BJÖRN WAHLSTRÖM is a seasoned risk management expert with over 15 years' experience in China. Björn is a partner and was nominated group Managing Director 2019. In his last position, Björn designed and built the risk management segment, drawing on his extensive experience and network in due diligence and corporate investigations. He has personally led investigations in China and South East Asia, as well as in Europe and the U.S. Björn is a certified external SAI auditor and sits on the ASIS committee (HK Chapter).



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# STEFAN HOLMQVIST

Managing Director, Norman Global Logistics Asia

STEFAN HOLMQVIST amassed +25 years of industry experience, and with over 18 years experience in China & Hong Kong. Stefan has worked in a variety of logistics, freight operations and commercial roles, at managerial and senior executive levels in Sweden and Asia.

For the last decade Stefan has resided in Shanghai, Singapore and Hong Kong, leading and building new operations and existing businesses.

In 2010 Stefan joined Norman Global Logistics to extend the business' footprint to Asia and subsequently established Norman Global Logistics Hong Kong.

As managing director, Stefan has overseen the growth of NGL in Hong Kong and its continuing expansion in China and Asia.



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## COVID-19

The significant impacts on the global supply chain.

Uncertainty as to when the usual business will resume.

“Always expect the unexpected”



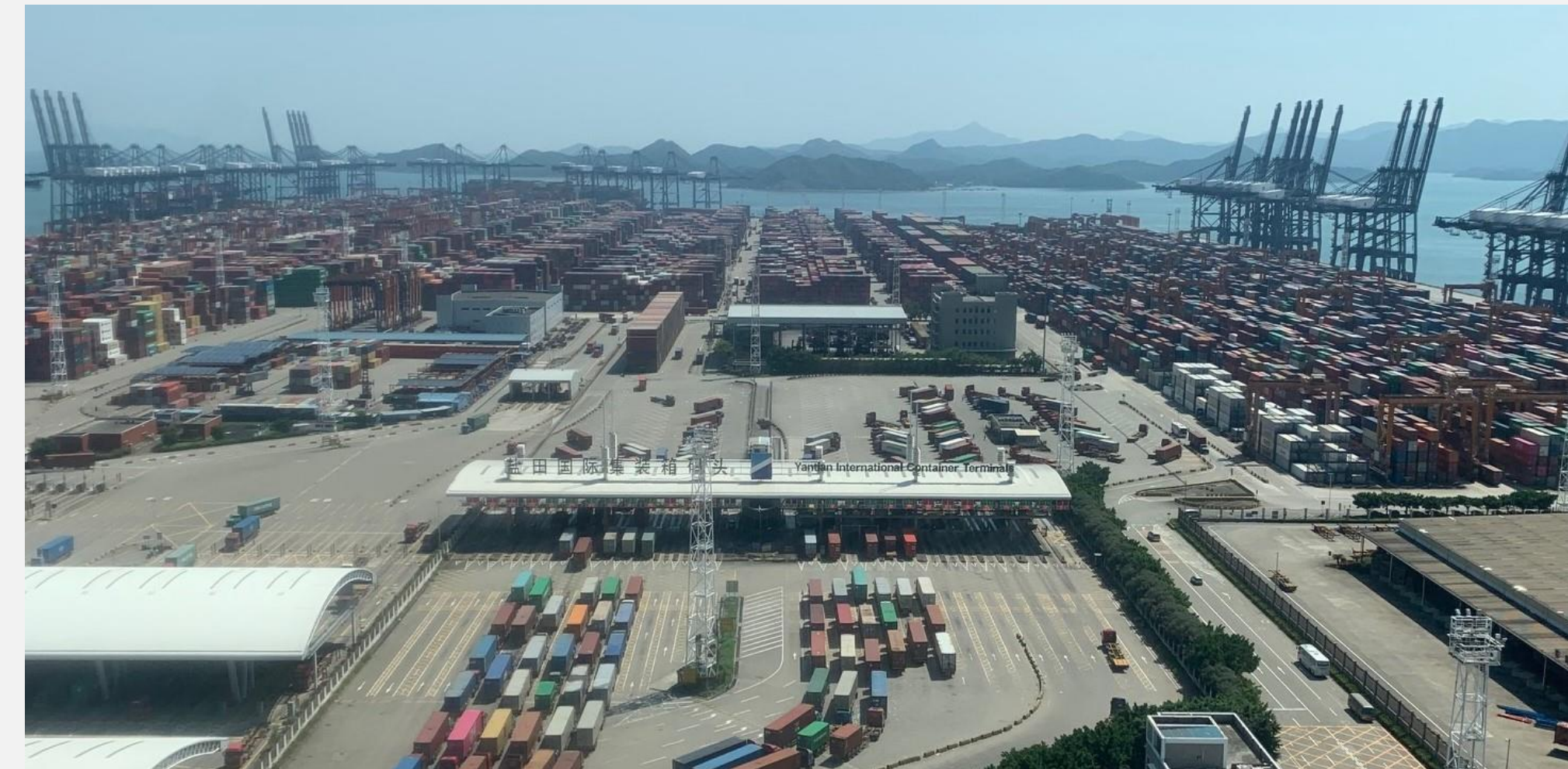
## Webinar

In our globally connected market, the risk of large-scale disruption to the supply chain is a possibility for all businesses to prepare themselves for.

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Update the impacts and measures to navigate the impact on the supply chain and business.

Stay up to date COVID-19: [NGL advisory page](#)



## Agenda

- Update on current status within supply chain and logistics
- Actions  
Approach and planning
- Effect to the supply chain on short and long term
- About the US  
Company intro: Norman Global Logistics

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## Status

The virus has affected the supply chain and logistics industry since the end of January.

Except for Hubei province, other areas continued to return to operations. Many cities are back to near-normal activities.

Several factories have reduced capacity due to a shortage of raw material and labour.

The larger-scale factories did return faster and to a greater extent than the SME during this process.

We expect the deliveries from China factories will remain low for Q2.

While business continues to return to China, the situation develops in overseas locations, and the speed of recovery is uncertain.

Region	Factories Current Status
Tianjin	90% of factories returned to operations this week
	Several factories operate with reduced capacity because some workers are not back yet
Dalian	95% of factories return to operations this week
	Several factories operate with reduced capacity because some workers are not back yet
Fuzhou	90% of factories return to operations this week
	Several factories operate with reduced capacity because some workers are not back yet
Xiamen	95-98% of factories return to operation this week
	Several factories operate with reduced capacity because some workers are not back yet
Guangzhou	95% of factories resumed operations
Shenzhen	Several factories operate with reduced capacity because some workers are not back yet
Hong Kong	Operating
Shanghai	Shanghai – Basically all factories started 95%
	Zhejiang – Estimated 90-95% of factories started.
Ningbo	90% of factories resumed production
	Majority of workers returned; some factories still operate with reduced workforce
Qingdao	95% of factories returned to operations
	Several factories operate with reduced capacity because some workers are not back yet



## Transport

**ROAD,** Trucking capacity and road closures have significantly improved. Domestic road transportation is currently running near normal again.

**OCEAN,** US imports from China fell 22% and reached the lowest levels in 4 years. Looking ahead, expect tight space as factories ramping up production while carriers will cancel sailings. Ocean carriers “blank” 58 sailings from Asia to Europe and the same number on Asia to the USA during Q1, representing 1.7 Million TEU. Capacity reduced 25% to the US and 50% to the EU.

Lack of empty containers, the US and the EU are lacking equipment following the low volumes from Asia, while ports in Asia have a surplus. The shortage will continue into May.

**AIR,** Massive cancellations of passenger flights. The capacity for air cargo is more impacted than any other mode of transport. More than 25,000 flights/week cancelled. Demand out of Asia is very high with soaring rates.

**RAIL,** Except for the Wuhan region, operations and roads are open and working at normal or “near to normal”. Rail service has proven to be the more reliable option for international transports during the whole situation. Many shipments typically transported by ocean and air are now being switched to rail.



## Risk

As China factories resume operations, we observe specific issues in the wake of Covid-19:

- Unstable supply of raw material
- Lack of skilled workers
- Logistic issues
- Prioritizing of the medical and urgent items, with many others put on hold
- Increased credit risk among all parties along the supply chain
- Increased scrutiny from regulatory agencies
- Increased risk of fraud

For more details, see our report: [Report](#)



## Risk – Potential costs

### LABOUR

-Overtime, Medical expenses, External specialists, Hiring & lay off constraints

### LOGISTICS

-Alternative routes, quarantines and changes in market costs and lacking supply

### COMPLIANCE COST

-Quarantine and new regulations

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## Action

### 1, Ensure the safety of personnel, the top priority for supply chain managers

- Communication
- Set guidelines for the company operations
- Flexible arrangements for staff
- Remote work
- Keep up to date and maintain regulations

### 2, Maintain continuity of supply

- Communication with suppliers and partners
- Understand exposures in various production areas
- Flexible arrangements for alternate transportation

### 3, Manage unforeseen costs & risks

- Alternate source & modes of transport
- Changes in regulations
- Staff
- Keep up to date and maintain regulations
- Credit risks





## Action

- ✓ Check orders planned for shipping
- ✓ Contingency planning
- ✓ Identify and inform your transporter and factory for urgent cargoes
- ✓ Consider alternate shipping modes, as an example, to transfer shipments from Ocean to Rail, either full or partial loads
- ✓ Expect further blank sailings and reduced air capacity as the effect of factories closed for an extended period
- ✓ Once factories are back in operation, the market is likely to receive peak demand with space shortage
- ✓ Communicate with your forwarder & factory of your requirements
- ✓ Inform your customers of the situation and possible delays in the supply chain & deliveries
- ✓ Expect longer lead-time in your planning



## Effects on short and long term

- ✓ Rate increases
- ✓ Matching problems for supply & demand for air and ocean capacity
- ✓ Unstable transit times and delays from backlogs
- ✓ Alternative shipping modes and sourcing strategies
- ✓ Equipment imbalance for containers
- ✓ Financial risk among operators in the industry

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## About us

Norman Global Logistics provides innovative and dependable logistics solutions to importers and exporters globally.

Established in 1970

Privately owned

5 UK branches

6 China branches

2 Vietnam locations

+ 230 partner locations globally

Airfreight

Sea freight

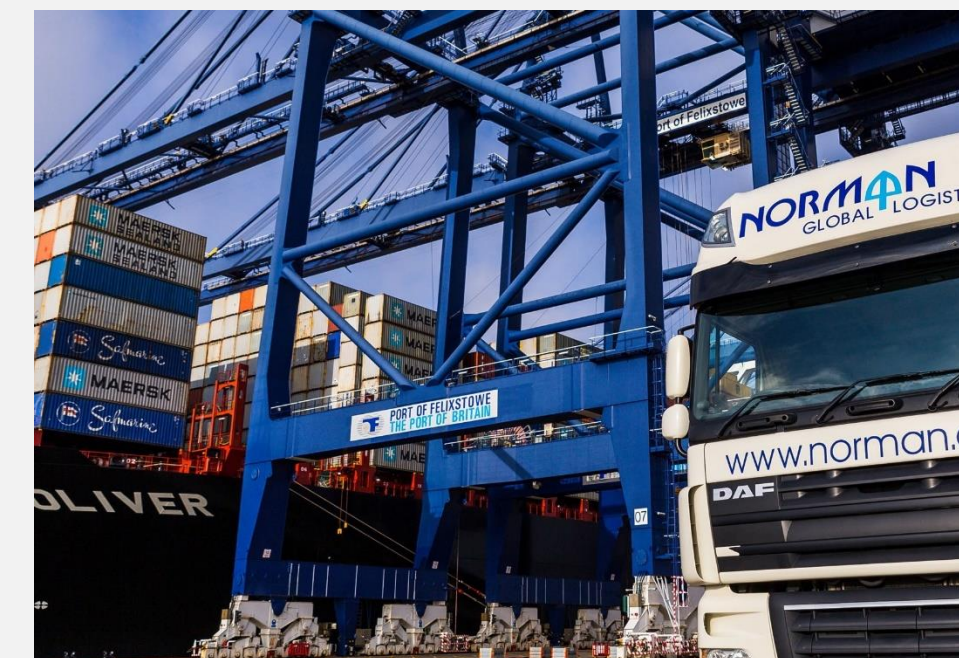
Rail freight

Land transport

Warehousing

Express

E-Commerce





## Import / Export services

- ✓ Ocean freight / Airfreight / Land transport / Rail Service
- ✓ Custom clearance / Bonded storage / Storage
- ✓ Buyers consolidations
- ✓ 70,000sqft of bonded & non-bonded warehousing
- ✓ Pick / Pack & Labeling facilities
- ✓ Special commodity services
- ✓ Projects
- ✓ Ro/Ro cargo
- ✓ Break Bulk
- ✓ Auto pre-alert system
- ✓ E-Commerce
- ✓ Track & Trace





## N-Vision

- ✓ Online Quotes
- ✓ Instant Bookings
- ✓ Online schedules
- ✓ Customized Dashboard
- ✓ Shipment Overview

NORMAN

GLOBAL LOGISTICS

From  
Hong Kong  
without pick-up

To  
Gothenburg  
without delivery

Total Weight  
3,000.00 kg

👤 robert foster ▾

⚓

From: Hong Kong Port  
To: Gothenburg Port

Total Weight:  
3,000.00 kg

Carrier: APL

Closing Date	ETD Port	ETA Port	Estimated T/T	
25-02-2019	01-03-2019	08-04-2019	38 Days	SELECT
04-03-2019	08-03-2019	15-04-2019	38 Days	SELECT
11-03-2019	15-03-2019	22-04-2019	38 Days	SELECT
18-03-2019	22-03-2019	29-04-2019	38 Days	SELECT
25-03-2019	29-03-2019	06-05-2019	38 Days	SELECT

< Earlier DeparturesFeb 25, 2019 - Mar 25, 2019Later Departures >

Total1 005.00 USD

⚓

From: Hong Kong Port  
To: Gothenburg Port

Total Weight:  
3,000.00 kg

Carrier: CMA-CGM

Closing Date	ETD Port	ETA Port	Estimated T/T	
25-02-2019	01-03-2019	08-04-2019	38 Days	SELECT
04-03-2019	08-03-2019	15-04-2019	38 Days	SELECT
11-03-2019	15-03-2019	22-04-2019	38 Days	SELECT

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Previous Step

Choose shipment type

Shipment Details

3

Choose Offer

4

Final Details


5

Booking Confirmation

>


Next Step

Need help?




### Real Time Quotes

Enter your shipping requirements and let us compute your real-time quote!



### Full Transparency

Get full visibility on your freight cost with a full breakdown with no hidden costs

  
Instant Booking

Like what you see? Confirm your selected service and hit Book

# CHINA

## Hong Kong & South China HQ:

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Ho Chi Minh City

Hanoi

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Thank you for your time.

谢谢你的时间

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Stay up to date, NGL advisory page: <https://www.normanglobal.com/tag/coronavirus/>



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to deliver

[www.normanglobal.com](https://www.normanglobal.com)





Specialists in Supply Chain and Risk Management

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[www.current-consulting.hk](http://www.current-consulting.hk)





**CURRENT<sup>®</sup>**  
**CONSULTING**  
G R O U P

A B O U T U S

## Our Company

Current Consulting Group is an independent management consulting firm that specializes in risk management and supply chain optimization in Asia.

Since our start in 2007, we have assisted both large and small companies in various industries and fields. We take an active interest and role in our client's business and we prefer working closely together to reach growth targets. We have extensive experience in our respective fields of expertise and a strong team of local market professionals.



## OUR SERVICES

# Supply Chain

Our supply chain segment has a focus on the manufacturing sector. Our services follow the production life cycle: we assist in finding the right partners for your venture, establishing proper systems of quality control, and certifying your facilities and suppliers. For several clients, we do all these things for a flat monthly retainer, and each element can also be conducted on demand.



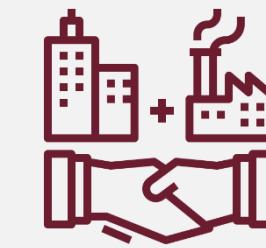
## Quality Assurance

- ✓ Minimize production risk
- ✓ Your eyes and ears in the factory
- ✓ ISO9001 System Audit
- ✓ Quality Professionals



## Audits & Certifications

- ✓ Certified ISO9001 and SA8000 Auditors
- ✓ Experienced Compliance Consulting
- ✓ CE-Audits
- ✓ Gap Analysis



## Procurement & Sourcing

- ✓ Direct network of suppliers
- ✓ Professional sourcing of any product
- ✓ Full scale procurement support
- ✓ Local purchase contracts



## Market Entry & Sales

- ✓ Market analysis
- ✓ China and Hong Kong Incorporation
- ✓ Recruitment and employment support
- ✓ Travel Support

## OUR SERVICES

# Risk Management

We offer in-house expertise and support in Risk Management and related services. Our dedicated team has in-depth experience in all areas of risk management and has consulted in live situations for several Fortune 500 companies on crucial risk issues and conducted due diligence all over Asia.



## Due Diligence

- ✓ Know who you're dealing with
- ✓ Pre IPO intelligence gathering
- ✓ M&A Due Diligence
- ✓ Professional and Discreet



## Brand Protection

- ✓ We can help you register your trademark or patent in China
- ✓ Years of experience with hands-on brand protection.
- ✓ Build and design broad or quick protection strategies for your brand.



## Asset Recovery

- ✓ Reclaim missing assets
- ✓ Fraud Investigations
- ✓ Interact with local law enforcement
- ✓ Trace stolen funds globally



## Investigations

- ✓ Professional team of inhouse investigators
- ✓ Discreet local inquiries
- ✓ Interact with legal representation as required.
- ✓ Global reach (U.S., Europe, South East Asia)





Thank you for listening!



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